North Carolina
Medicaid Special Bulletin

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Attention: Physicians, Local Health Departments, Nurse Practitioners, Nurse Midwives, Federally Qualified Health Centers, Rural Health Centers and Certified Dialysis Providers

National Drug Code Implementation, December. 28, 2007:
Billing for Drugs Through the Physician's Drug Program

Effective with dates of service on and after **December 28, 2007,** the North Carolina Division of Medical Assistance (DMA) will require all physician-administered drugs in an office/clinic or certified dialysis facility (non-hospital based dialysis treatment centers; dialysis center hospitals, satellites; and out-of-state dialysis centers) to include the National Drug Code (NDC) on the claim submitted.

When billed on CMS-1500 or UB claim forms, the Healthcare Common Procedure Coding System (HCPCS) drug code that is billed to N.C. Medicaid must include the following data elements:

- **N4 Qualifier** (paper submissions only)

- **NDC** - Each drug or biologic product approved by the Food and Drug Administration (FDA) is given a unique NDC number. The NDC is found on the package and/or vial of medication.

- **Quantity** of each submitted NDC.

This change is in compliance with the Centers for Medicare and Medicaid Services (CMS) requirements related to the Deficit Reduction Act of 2005. Please access http://www.cms.hhs.gov/MedicaidGenInfo/08_DRASection.asp for details on the Deficit Reduction Act.

Billing software programs and office procedures need to be modified to include the required NDC-related data.

All providers must implement a process to record and maintain the NDC(s) of the actual drug(s) administered to the recipient as well as the quantity of the drug(s) given. Please note that the billed HCPCS code must also be valid and covered by N.C. Medicaid. If the HCPCS code is not accompanied by the NDC, the detail will be denied.

Currently, N.C. Medicaid requires claims with HCPCS codes J2353, J3490, J3590 and J9999 be submitted on paper with an invoice. Upon the implementation of the NDC project, invoices will no longer be required when billing J2353, J3490, J3590 or J9999 *if* only one NDC is submitted per detail. Therefore, these claims can be billed electronically. The exception to this rule occurs when billing J3490 for compound drugs, which continue to require an invoice.

Upon the implementation of the NDC project, any claim that processes by Medicaid as a Medicare crossover will not require a NDC on the claim. CMS 1500 claims that do not process as crossovers will require a NDC. The only UB claims requiring a NDC at this time are those billed by dialysis providers. These dialysis UB claims require a NDC regardless of whether the payment made by Medicare or a third party insurance.

New Criteria

Example label image: NDC is located here (10-digit format)

NDC Conversion

NDCs are sometimes displayed on drug packaging in a 10-digit format (see above example). Proper billing of an NDC requires an 11-digit number in a 5-4-2 format. Converting NDCs from a 10-digit to 11-digit format requires a strategically placed zero. The following table shows common 10-digit NDC formats indicated on packaging and the associated conversion to an 11-digit format. The asterisk (*) sign represents the proper placement of the additional zero.

10-Digit Format on Package	10-Digit Format Example	11-Digit Format	11-Digit Format Example	Actual 10-Digit NDC Example	11-Digit Conversion of Example
4-4-2	9999-9999-99	5-4-2	*9999-9999-99	0002-7597-01 Zyprexa 10-mg vial	00002-7597-01
5-3-2	99999-999-99	5-4-2	99999-*999-99	50242-040-62 Xolair 150-mg vial	50242-0040-62
5-4-1	99999-9999-9	5-4-2	99999-9999-*9	60574-4112-1 Synagis 50-mg vial	60574-4112-01

Note: Hyphens indicated in the chart are used solely to illustrate the various formatting examples for NDCs. Do *not* use hyphens when entering the actual data.

Claim Processing/Drug Rebate

Claims will continue to be priced based on the HCPCS code, with the NDC and corresponding units being used for drug rebate processing. During claims processing, the NDC will be edited for validity. If the NDC is invalid or terminated, the detail will be denied. The detail will also be denied if a HCPCS drug code is billed without an NDC or if the NDC is for a non-rebatable drug. **N.C. Medicaid will not reimburse for non-rebatable, invalid and terminated NDCs.**

The prescribed drug must have FDA-approved indications. The prescribed drug must bear the federal legend statement and must be manufactured by a company that has signed a National Medicaid Drug Rebate Agreement with CMS. N.C. Medicaid participates with labelers who offer rebates to state Medicaid programs. The N.C. Medicaid Pharmacy program has operated under the Drug Rebate Program since 1991.

The NDC number being submitted to Medicaid must be the actual NDC number on the package or container from which the medication was administered. Sometimes the package will contain multiple vials or units. There may be instances in which the NDC on the packaging differs from the NDC on the vial or unit. If the two NDCs differ, report the NDC from the package.

The first 5 digits of the NDC represent the manufacturer (labeler); use this information to determine if the NDC is rebatable. **Ensure that the 11-digit NDC is covered by N.C. Medicaid prior to billing.**

The following chart contains a list of manufacturers (labelers) that supply rebatable drugs. **This list changes quarterly** (the version in this bulletin is from August 2007) and can be found on DMA's Web site (www.ncdhhs.gov/dma/pharmacy). You may also refer to page 11 for AVRS instructions to validate coverage of 11-digit NDCs.

First 5 Digits of NDC (Manufacturers' Labeler Codes)

00002	00003	00004	00005	00006	00007	00008	00009	00013	00015	000023	00024
00025	00026	00028	00029	00031	00032	00034	00037	00039	00045	00046	00049
00051	00052	00053	00054	00056	00062	00064	00065	00066	00067	00068	00069
00071	00072	00074	00075	00076	00078	00083	00085	00086	00087	00088	00089
00091	00093	00095	00096	00108	00113	00115	00116	00121	00126	00131	00132
00135	00143	00145	00149	00165	00168	00169	00172	00173	00178	00182	00185
00186	00187	00206	00224	00225	00228	00245	00254	00256	00258	00259	00264
00276	00277	00281	00288	00299	00300	00310	00327	00338	00364	00378	00406
00409	00414	00421	00430	00456	00462	00469	00472	00482	00485	00486	00487
00496	00501	00517	00525	00527	00535	00536	00548	00555	00573	00574	00575
00590	00591	00597	00603	00615	00640	00641	00642	00677	00682	00703	00713
00777	00781	00785	00813	00832	00884	00904	00944	00955	00998	05940	08004
08880	10019	10122	10144	10147	10148	10158	10235	10267	10337	10370	10454
10518	10542	10572	10631	10702	10768	10892	10914	10922	10956	11042	11098
11399	11523	11528	11530	11701	11980	12496	12593	12830	12939	12948	13107
13279	13310	13453	13478	13533	13548	13551	13632	13668	13811	13913	14168
14290	14508	14629	15054	15127	15210	15330	15370	15456	15584	15686	15821
16103	16252	16477	16571	16781	16837	16881	16887	17205	17270	17314	17433
17478	17714	18011	18754	18860	19810	20091	23155	23635	24108	24162	24208
24338	24385	24430	24478	24839	25382	25682	27437	28105	28595	29033	30698
31357	37000	37205	38245	39506	39822	44087	44206	45802	45809	45985	46287
46672	48878	49158	49230	49281	49348	49483	49502	49614	49669	49730	49884
49938	50111	50201	50242	50383	50419	50458	50474	50484	50580	50844	50907
50991	51079	51248	51284	51285	51479	51552	51645	51660	51672	51674	51801
51817	51991	52152	52268	52544	52555	52569	52604	52735	52747	52769	53014
53062	53303	53329	53489	53746	53905	54092	54391	54396	54482	54569	54643
54746	54799	54838	54859	55111	55253	55370	55390	55513	55515	55566	55654
56091	57664	57665	57782	57844	57894	58063	58177	58178	58211	58223	58281
58291	58394	58406	58407	58468	58605	58768	58790	58809	58826	58869	58914
58980	59011	59060	58075	59148	59196	59243	59310	59366	59390	59417	59528

59572	59627	59630	59640	59676	59702	59730	59746	59762	59767	59772	59930
60242	60258	60267	60432	60492	60505	60553	60574	60575	60598	60758	60793
60951	60976	60977	61073	61314	61379	61451	61480	61570	61598	61703	61748
61787	61924	61953	61958	62022	62037	62053	62103	62107	62161	62175	62341
62436	62541	62559	62584	62592	62756	62794	62856	63004	63010	63020	63032
63044	63162	63304	63323	63395	63402	63459	63481	63653	63672	63717	63739
63801	63824	63857	63868	63921	64011	64019	64029	64108	64116	64125	64193
64365	64376	64406	64455	64543	64661	64679	64682	64720	64731	64764	64803
64860	64875	64894	64899	64980	65162	65199	65224	65234	65473	65483	65580
65597	65649	65726	65847	65862	65880	66203	66213	66215	66220	66302	66378
66424	66435	66440	66479	66490	66500	66530	66582	66591	66593	66594	66607
66657	66663	66685	66689	66733	66758	66780	66794	66813	66860	66869	66870
66887	66934	66977	66992	66993	67108	67112	67159	67204	67211	67253	67286
67336	67386	67402	67425	67537	67546	67618	67707	67767	67781	67817	67871
67887	67919	67979	68012	68013	68025	68032	68040	68047	68084	68094	68135
68180	68188	68220	68249	68308	68322	68382	68453	68462	68516	68546	68669
68682	68712	68716	68727	68734	68774	68782	68817	68850	68968	99207	

Data elements used by N.C. Medicaid for NDC claims processing

NDC – All-numeric 11-digit code (no hyphens or spaces)

NDC Units Value (Quantity)

- Submitted units for the billed HCPCS code and submitted quantity for NDC can be consistent (or follow instructions below if reporting multiple NDCs on one HCPCS code detail).

N.C. Medicaid claim processing guidelines for reporting units when more than one NDC is billed for a single HCPCS code:

- Maximum length of 11 characters (including the decimal).

- Include the decimal point.

- The whole number portion has a maximum length of 7 characters.

- The decimal portion has a maximum length of 3 characters.

- No decimal is required with the use of a whole number value.

- Must be a numeric value greater than zero.

  Example: 1234567.123

Unit of Measurement (UOM) for each submitted NDC – Valid quantity codes include:

- F2 (international unit)

- GR (gram)

- ML (milliliter)

- UN (unit)

Note: There can be up to 10 NDC codes and units per HCPCS code.

Submitting NDC-Related Data on Electronic Claims

Billing software programs need to be modified to include the required NDC-related fields. The complete 837 instructions are available in the *HIPAA Implementation Guide,* on the Washington Publishing Web site at http://www.wpc-edi.com/. The N.C. Medicaid *HIPAA Companion Guide* is available on the DMA Web site at http://www.ncdhhs.gov/dma/hipaa/compguides.htm. The *HIPAA Companion Guide* will be updated prior to implementation.

Submitting NDC-Related Data on the North Carolina Electronic Claims Submission (NCECS) Web Tool

The data elements and claims processing guidelines are the same as those described above, with the exception of Unit of Measurement (UOM). The NCECS Web Tool will accept only a numeric value for NDC units and will not require the UOM. The required NDC fields will be updated on the detail line entry screen prior to NDC implementation. Please refer to the NCECS Web-based Claims Submission Tool at https://webclaims.ncmedicaid.com/ncecs.

Example NCECS screen shots upon NDC implementation:

CMS-1500

Detail Service Information

From Date of Service	Through Date Of Service	Place of Service	HCPCS/CPT	M
MM/DD/YYYY	MM/DD/YYYY	99	XXXXX	

Other Insurer Information

Insurer Detail Allowed Amt	Insurer Detail Paid Amt	Insurer Detail de
9	9	9

1

NDC Information

NDC	NDC Units	NDC	NDC Units	NDC	NDC Units	NDC
99999999999	9999999.999	99999999999	9999999.999	99999999999	9999999.999	999999
99999999999	9999999.999	99999999999	9999999.999	99999999999	9999999.999	999999

Detail Service Information

From Date of Service	Through Date Of Service	Place of Service	HCPCS/CPT	Modl
06012008	06012008		J1055	FP

Insured Information

Insurer Detail Allowed Amt	Insurer Detail Paid Amt	Insurer Detail de

NDC Information

NDC	NDC Units	NDC	NDC Units	NDC	NDC Units	NDC	NI
00009737604	1						

UB Claim Form

| | UB-Data | Claim ID: | 99999999999999999 | | Save | Canc |

n

XXXXXXXXXXXXXXXX   Medicaid ID

#	Rev Code	HCPCS/CPT	Service Date	Accom Rate	Accom Days
1	999	XXXXX	MM/DD/YYYY		

NDC Information

NDC	NDC Units	NDC	NDC Units	NDC	NDC Units	NDC
99999999999	9999999.999	99999999999	9999999.999	99999999999	9999999.999	999999
99999999999	9999999.999	99999999999	9999999.999	99999999999	9999999.999	999999

Rev Code	HCPCS/CPT		Service Date	Accom Rate	Accom Days
250	J1270	...	01052008		

NDC Information

NDC	NDC Units	NDC	NDC Units	NDC	NDC Units	NDC
58468012201	10					

Submitting NDC-Related Data on Paper Claims

CMS 1500 Paper Claims

When a HCPCS drug code covered under the Physicians Drug Program (PDP) is entered in box 24D, a corresponding **11-digit NDC number** must also be indicated on the claim in the upper shaded area of the corresponding detail. The six service lines in section 24 have been divided horizontally to accommodate additional information. See the CMS-1500 manual for additional information at www.nucc.org.

> **Note:** If more than three NDCs are submitted for one procedure code, then the claim must be submitted electronically. If more than one NDC is associated with one HCPCS code, the entire shaded area of boxes 24A through 24H will be used for reporting NDC information.

Complete the boxes as described below when billing for drug-related codes on the CMS-1500. These instructions apply when a single NDC is associated with a single HCPCS code. Failure to include all components on the claim form will result in a denial.

- **Box 24A**
  - Shaded area: Enter the NDC qualifier of N4, followed by an 11-digit NDC number. Do not enter a space between the qualifier and the NDC. Do not enter hyphens or spaces within the NDC number.
  - Unshaded area: Enter the date(s) of service.

- **Box 24B**
  - Unshaded area: Enter the appropriate two-digit code from the Place of Service Code list for each item used or service performed.

- **Box 24D**
  - Shaded area: Enter the NDC unit of measurement and numeric quantity administered to the patient. Enter the actual metric decimal quantity (units) administered to the patient. If reporting a fraction of a unit, use the decimal point.
  - Unshaded area: Enter the HCPCS code and a corresponding two-character modifier (if applicable).

- **Box 24F**
  - Unshaded area: Enter the charge for each listed service. Do not use dollar signs or commas when reporting dollar amounts. Enter 00 in the cents area if the amount is a whole number.

- **Box 24G**
  - Unshaded area: If applicable, enter the days or units for each procedure listed.

Note: The above applies only to the reporting of NDC information.

CMS-1500 Claim Examples

Single NDC Example:

NDC – 00009737604 - DEPO-PROVERA 150 MG/ML SYRN

If 1 HCPCS unit is billed, it should be converted to 1 ml for the NDC(s) units.

24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)		E. DIAGNOSIS POINTER	F. $ CHARGES	G. DAYS OR UNITS	H. EPSDT Family Plan	I. ID. QUAL.	J. RENDERING PROVIDER ID. #
MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER						
								N400009737604 ML1						ZZ	123456789XX
06	01	08	06	01	08	11		J1055	FP		50.00	1		NPI	0123456789
														NPI	

NPI Implementation example with taxonomy

Two NDCs billed for a single HCPCS code example:

NDC – 00703301812 – ADRUCIL 50 MG/ML VIAL

NDC – 00703301513 – ADRUCIL 50 MG/ML VIAL

24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)		E. DIAGNOSIS POINTER	F. $ CHARGES	G. DAYS OR UNITS	H. EPSDT Family Plan	I. ID. QUAL.	J. RENDERING PROVIDER ID. #
MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER						
								N400703301812 ML50 N400703301513 ML10						1D	890XXXX
01	01	08	01	01	08	11		J9190			50.00	6	N	NPI	0123456789
														NPI	

Prior to NPI Implementation with Medicaid provider number

UB Paper Claims

The National Uniform Billing Committee (NUBC) released a new UB claim form for use by institutional providers. The UB04 manual can be found at www.nubc.org. The UB form does not contain specific fields designated for NDC codes and/or NDC units. DMA, along with other state Medicaid programs, will utilize FL43 for the submission of the NDC codes and NDC units.

The following institutional providers billing on UB claim forms are affected by this change as of December 28, 2007:

- Dialysis Treatment Center, non-hospital-based
- Dialysis Center Hospital, satellites
- Out-of-State Dialysis Center

The following fields are required when reporting NDCs:

- **FL42:** Revenue code
- **FL43:** Enter the NDC qualifier of N4, followed by the 11-digit NDC number, a space, the metric decimal quantity and the unit of measurement.

  The units of measurement are as follows:

  F2 – International Unit

  GR – Gram

  ML – Milliliter

  UN – Unit

  o Do not enter a space between the qualifier and NDC.

  o Do not enter hyphens or spaces within the NDC number.

  o Enter the NDC unit of measurement code and numeric quantity administered to the patient.

  o Enter the actual metric decimal quantity administered to the patient.

  o Enter the actual metric decimal quantity (units) administered to the patient.

  o If reporting a fraction of a unit, use the decimal point.

- **FL44:** Enter the appropriate CPT or HCPCS procedure code.
- **FL45:** Enter the line item service date. This field is used only for outpatient claims.
- **FL46:** Enter the HCPCS units.
- **FL47:** Total charges.

Note: The above applies only to the reporting of NDC information.

UB Claim Examples

Example: J1270 – Doxercalciferol, 1 mcg

NDC – 58468012201 - HECTOROL 4 MCG/2 ML AMPUL (or 2 mcg/ml)

If 20 J-code units are billed, they should be converted to 10 ml for the NDC units.

42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48
250	N458468012201 10ML	J1270	010508	20	311.80	

Example: J1756 – Iron Sucrose, 1 mg

NDC – 00517234010 – VENOFER 20MG/ML (or 100 mg/5 ml)

If 1 J-code unit is billed, it should be converted to 0.05 ml for the NDC units.

42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48
250	N400517234010 .05 ML	J1756	021608	1	6.88	

Example: J0881 – Darbepoetin alfa, 1 mcg

NDC – 55513000201 – ARANESP 25 mcg/ml

If 5 J-code units are billed, they should be converted to 0.20 ml for the NDC units. (There are many strengths available for this product and the conversion will be different for other NDC's.)

42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48
250	N455513000201 0.20 ML	J0881	011508	5	723.15	

If additional NDCs are associated with one HCPCS procedure code, the additional NDCs and units should be placed in the following detail lines. Up to 10 detail lines are allowed per procedure.

Detail line 23 may be used to continue to a second page by entering Page _ of _. However, the limit of 28 detail lines per claim still applies (North Carolina general Medicaid bulletin, January 2005, p. 27).

Additional Information

Eligible Providers

Any CMS-1500 biller and certified dialysis providers billing on the UB for drugs through the PDP.

Prior Approval

Medicaid prior approval requirements remain consistent with current guidelines. All drugs that require prior approval will continue to do so.

Co-payments

Medicaid co-payment criteria remain consistent with current guidelines. For detailed co-payment information, please see the *Basic Medicaid Billing Guide,* Section 2.

Billing the Recipient

When a non-covered service is requested by a recipient, the provider must inform the recipient either orally or in writing that the requested service is not covered under the Medicaid program and will, therefore, be the financial responsibility of the recipient. This must be done prior to rendering the service.

A provider may refuse to accept a Medicaid recipient and bill the recipient as private pay only if the provider informs the recipient prior to rendering the service, either orally or in writing, that the service will not be billed to Medicaid and that the recipient will be responsible for payment.

Automated Voice Response System (AVRS)

Providers are able to verify an NDC as covered or not allowed on the Automated Voice Response System (AVRS)(800-723-4337, option 3). The required information is a valid provider number, NDC in an 11-digit format, and the date of service. For detailed instructions on the AVRS, refer to the July 2001 special bulletin, *Automated Voice Response (AVR) System Provider Inquiry Instructions.* It is on the DMA Web site at www.ncdhhs.gov/dma/bulletin.htm#special.

If the AVRS states this drug is covered, then it is also rebatable. If the NDC is non-rebatable, the AVRS states this drug is not covered under rebate agreement. **N.C. Medicaid will not reimburse for non-rebatable NDCs.** If the AVRS states the drug is not allowed, then further research may be needed since some drugs may not be covered in the pharmacy program that are covered as a medical benefit.

> **Note:** The HCPCS code must also be valid and covered by N.C. Medicaid. Refer to the fee schedule list of covered PDP drugs, on DMA's Web site at
> http://www.ncdhhs.gov/dma/fee/fee.htm

Carolina Access Referrals

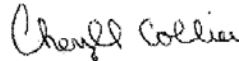Carolina Access referral requirements remain consistent with current guidelines.

Remittance and Status Report (RA)

There will be no changes to the current components of the N.C. Medicaid Remittance and Status Report (RA).

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